

News from Ed Markey

United States Congress Massachusetts Seventh District

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REP. MARKEY RELEASES FERC ANALYSIS OF HOUSE ELECTRICITY LEGISLATION

**Feds urge Strengthening of Market Power, RTO and Transmission Provisions to Promote
Competition**

WASHINGTON, D.C. - Representative Edward J. Markey (D-MA) today released a letter from the Chairman of the Federal Regulatory Commission (FERC) which was sharply critical of an electric utility restructuring bill that was reported out of the House Energy and Power Subcommittee last November. The FERC letter was prepared in response to a November 3, 1999 letter from Rep. Markey, a senior Democratic Member of the Subcommittee.

"This analysis shows that the Subcommittee-reported electricity restructuring bill would be a disaster for competition and consumers," said Rep. Markey, who voted against the bill after trying unsuccessfully to strengthen its market power provisions.

Rep. Markey added, "In almost every critical area, FERC reports that H.R. 2944 would move us in the wrong direction - locking in barriers to competition, balkanizing the markets, and locking in the monopoly power of the big utilities. If we are going to have a real competition bill that Democrats can support and the President can sign, this bill will have to be completely rewritten at the full Committee level."

In the letter Rep. Markey released to today, FERC Chairman James Hoecker J. sharply criticized the Subcommittee-reported version of H.R. 2944, stating that, "Overall, I believe that the current version of H.R. 2944 represents an unfortunate retreat from the goal of a competitive, efficient, and transparent wholesale power market, a goal that would be much better served by adoption of H.R. 2050 [the Largent-Markey bill] or H.R. 1828 [the Clinton Administration bill]." Hoecker said, "In fact, H.R. 2944 moves in a direction that is contrary not only to Commission policy, but to economic and operational developments in the marketplace itself."

Hoecker's letter was accompanied by a detailed analysis of FERC's key concerns regarding H.R. 2944, including its regional transmission organization (RTO) provisions, its transmission language, its "grandfathering" provisions, its merger provisions, and its market power provisions, along with proposed legislative language to revise the bill's provisions in each of these areas. In each area, FERC expressed a preference for alternative approaches taken in the Largent-Markey or the Clinton Administration's proposed electricity restructuring bills. A copy of the FERC letter can be obtained from Rep. Markey's office.

Rep. Markey concluded, "FERC's analysis shows that H.R. 2944 is not a competition bill; it is a monopoly bill. I can only hope that Chairman Bliley and Chairman Barton will heed the advice and recommendations contained in this letter and put this bill back on track towards the goal of promoting real competition, breaking up the utility monopolies, and giving consumers' a chance to get lower electricity prices as the result of vigorous competition."

- 30 -

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